Ottawa, May 2, 2006
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Budget 2006: Tax Cuts, Focused Spending, Debt Paydown

Minister of Finance Jim Flaherty today presented a balanced federal budget that significantly cuts taxes, focuses federal spending on priority areas and pays down debt.

The budget delivers $20 billion in tax relief over two years—that is more tax relief than the previous four budgets combined. Key tax measures include:

- A one-point reduction to the GST, effective July 1, 2006.
- Broad-based income tax relief.
- Targeted tax measures to help Canadians with the cost of:
  - Tools.
  - Textbooks.
  - Transit passes.
  - Kids' sports.

The budget prioritizes and focuses federal spending including:

- $3.7 billion over two years for the new $1,200 Universal Child Care Benefit.
- $1.5 billion more this year for agriculture.
- $1.4 billion more this year for policing, border security and public safety.
- $1.1 billion more over two years to rebuild the Armed Forces.

The budget is balanced and specifically commits $3 billion per year in debt paydown.

For 2005–06, the federal surplus is currently estimated at $8 billion.

With respect to restoring the fiscal balance, a commitment to address concerns over fiscal imbalance; greater certainty with respect to 2006–07 Equalization and Territorial Formula Financing payments; up to $3.3 billion in additional funding support to provinces and territories to help address short-term pressures in post-secondary education, affordable housing and public transit;

and a commitment to a principle-based framework for fiscal relations, outlined in the companion document *Restoring Fiscal Balance in Canada*.

Further information on Budget 2006 can be obtained by visiting the Department of Finance website or by phoning 1 800 O-Canada (1 800 622-6232) or 1 800 926-9105 (TTY for the speech and hearing impaired/deaf).

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